

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**November 8, 2017**

The Tennessee Local Development Authority (Authority or TLDA) met on Wednesday, November 8, 2017, at 1:10 p.m. in the W.R. Snodgrass Tennessee Tower, 3<sup>rd</sup> floor, Conference Room C, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable Justin Wilson, Comptroller of the Treasury  
 Courtney Hess, Proxy for the Honorable David Lillard, State Treasurer  
 Angela Scott, Proxy for Commissioner Larry Martin, Department of Finance and Administration  
 Dr. Kenneth Moore, House Appointee

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and as posted in the meeting notice:

Mr. Pat Wolfe, Senate Appointee

The following members were absent:

The Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order. Mr. Hargett asked Ms. Sandra Thompson, Director of the Office of State and Local Finance (OSLF) to call roll.

Mr. Wolfe—Present  
 Dr. Moore—Present  
 Mr. Hargett—Present  
 Mr. Wilson—Present  
 Ms. Hess—Present  
 Ms. Scott--Present

Mr. Hargett asked for a motion to approve the minutes of the September 22, 2017, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Dr. Moore seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Yes  
 Dr. Moore—Yes  
 Mr. Hargett—Yes  
 Mr. Wilson—Yes  
 Ms. Hess—Yes  
 Ms. Scott—Yes

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was an update on the Qualified Energy Conservation Bond (QECB) program, and recognized Ms. Alexa Voytek, Program Manager with the Tennessee Department of Environment and Conservation's (TDEC) Office of Energy Programs (OEP). Ms. Voytek provided updates as of October 24, 2017 for QECB suballocations under the 3<sup>rd</sup> request for proposal:

- City of Paris: OEP had recommended and TLDA had approved a \$2,532,500 suballocation for an energy savings performance contract that will include the upgrade of street lights to LED technology, conversion of lighting within select City-owned buildings to LED lighting technology, the addition of intelligent thermostats on HVAC systems, the addition of energy-saving vending machine controls, and an upgrade

to the Civic Center's indoor pool dehumidifier. Issuance of \$2,530,000 in QECBs closed on June 5, 2017. On September 1, the City of Paris submitted a letter to OEP, noting that it would like to reallocate the \$2,500 in unissued bonds from its approved allocation back to the State.

- Williamson County: OEP had recommended and TLDA had approved a \$10,200,000 suballocation, which will finance the first of at least three phases of an energy savings performance contract. During the first phase, various energy conservation measures will be performed within 13 Williamson County Schools. Issuance of \$10,115,000 in QECBs closed on August 30, 2017. On September 6, OEP Program Manager conducted a QECB compliance workshop in Williamson County with representatives from the County and from Trane. On September 7, Williamson County submitted a letter to OEP, noting that it would like to reallocate the \$85,000 in unissued bonds from its approved allocation back to the State.
- EDGE / City of Memphis: OEP had recommended and TLDA had approved a \$2,142,850 suballocation, which will support energy efficiency upgrades to the Memphis Green Communities Program's Southbrook Towne Center. The project includes the replacement of the roof with an energy efficient roof system, an upgraded HVAC system, and an upgrade to the building's electrical power grid. Issuance of \$2,142,850 in QECBs closed on September 18, 2017.

Mr. Hargett asked if there were any questions or comments. Mr. Wilson asked if the QECB allocation to the State had an expiration date. Ms. Voytek replied that she would find out and respond to the Authority. (A response was subsequently provided to the Authority via email on November 13, 2017. Ms. Voytek confirmed that there is no current deadline by which States must utilize their QECB allocations. However, Ms. Voytek noted that the Tax Cut and Jobs Act, which was introduced in the U.S. House of Representatives on November 2, 2017, proposes a prohibition on the issuance of certain tax credit or interest subsidy bonds, to include QECBs. This prohibition would apply to bonds issued after December 31, 2017.)

Mr. Hargett stated the next item on the agenda was consideration of Clean Water State Revolving Fund (SRF) loans and recognized Ms. Felicia Freeman, Senior Engineer with TDEC's SRF loan program to present the item. Ms. Freeman first presented the unobligated fund balance. She stated the balance was \$19,181,029 as of September 22, 2017. This balance increased a total of \$73,591,289 from principal and interest repayments, interest earnings on funds held in the State Pooled Investment Fund, the FY16 EPA capitalization grant (balance of funds), the FY17 EPA capitalization grant, and the associated state-match dollars for the grants bringing the balance to \$92,772,318. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to \$92,022,318. She then described the loan requests:

- Jasper (CG3 2018-400)—Requesting \$599,471 (\$569,497 (95%) loan; \$29,974 (5%) principal forgiveness) for green inflow/infiltration (I/I) correction (rehabilitation/replacement of 8-inch and 10-inch diameter sewer lines and manhole rehabilitation in the downtown area); recommended interest rate of 1.45% based on the Ability to Pay Index (ATPI).
- Jasper (SRF 2018-401)—Requesting \$150,529 for green I/I correction (rehabilitation/replacement of 8-inch and 10-inch diameter sewer lines and manhole rehabilitation in the downtown area); recommended interest rate of 1.45% based on the ATPI.

Mr. Hargett made a motion to approve the requests, and Mr. Wilson seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Yes  
 Dr. Moore—Yes  
 Mr. Hargett—Yes  
 Mr. Wilson—Yes  
 Ms. Hess—Yes  
 Ms. Scott—Yes

Mr. Lillard made a motion to approve the loan, and Mr. Wilson seconded the motion.

Ms. Freeman then presented a request for a Drinking Water SRF loan. She first presented the unobligated fund balance. She stated the balance was \$40,500,826 as of September 22, 2017. The balance increased \$18,065,129 due to loan decreases, principal and interest repayments, interest earnings on funds held in the State Pooled Investment Fund, the FY17 EPA capitalization grant (net of set-asides), and the associated state match of the grant bringing the balance to \$58,565,955. Upon approval of the loan request to be presented, the funds available for loan obligation would decrease to \$58,500,955. She then described the loan request:

- Carthage (DWF 2018-199)—Requesting \$65,000 for water treatment plant improvements; recommended interest rate of 1.23% based on the ATPI.

Mr. Wilson made a motion to approve the loan, and Dr. Moore seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Yes  
 Dr. Moore—Yes  
 Mr. Hargett—Yes  
 Mr. Wilson—Yes  
 Ms. Hess—Yes  
 Ms. Scott—Yes

The motion was unanimously approved.

Mr. Hargett then stated that the next item on the agenda was a report on the notification by the City of Sweetwater that was submitted to comply with TLDA SRF Policy and Guidance for Borrowers. Mr. Hargett recognized Ms. Thompson who stated that OSLF received a notice from the City informing the TLDA that they plan on issuing debt that would be subordinate to its SRF loans. Ms. Thompson stated that the TLDA's Policy and Guidance only requires the city to provide notification of the issuance to the TLDA, and therefore no approval is required. Mr. Hargett asked if there were any questions. There were no questions.

Mr. Hargett stated that the next item was consideration of a request from the Jackson Energy Authority (JEA) and recognized Ms. Thompson to present the request. Ms. Thompson Stated that JEA is requesting to issue Wastewater System Revenue Refunding Bonds in an amount not to exceed \$15 million on parity with its existing SRF loans (CW0 13-313, SRF 13-314, CG2 16-363, CG3 16-161, CG4 16-362, CG2 16-368, and CG2 17-383). Ms. Thompson stated that the Series 2009 bonds to be refunded are currently senior to the outstanding SRF loans. Upon issuance of the Refunding Bonds, the lien position of the SRF loans would be on parity with, instead of subordinate to, the Refunding Bonds. Ms. Thompson stated that the OSLF had conducted an analysis and determined that JEA met the requirements set forth in the TLDA's SRF Policy and Guidance for Borrowers to issue additional debt. She noted that JEA had timely filed its financial statements, provided current and projected financial information, and met the minimum debt service requirement of 1.2 times. Mr. Wilson asked if JEA was extending the maturity of the debt. Ms. Thompson responded that they are not. Ms. Thompson stated that based on OSLF's analysis, JEA will have sufficient cash and revenues to meet its obligations and appears to meet the TLDA's guidelines for approval to issue refunding bonds on parity with its SRF loans.

Mr. Wilson made a motion to approve to request, and Ms. Scott seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Yes  
 Dr. Moore—Yes  
 Mr. Hargett—Yes  
 Mr. Wilson—Yes  
 Ms. Hess—Yes  
 Ms. Scott—Yes

The motion was unanimously approved.

Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Wolfe made a motion, and Dr. Moore seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Yes  
Dr. Moore—Yes  
Mr. Hargett—Yes  
Mr. Wilson—Yes  
Ms. Hess—Yes  
Ms. Scott—Yes

The meeting was adjourned.

Approved on this 19<sup>th</sup> day of December 2017.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary